

## PLANNING FOR RETIREMENT

Retirement represents a major change in your life. You cannot be certain what the future holds, but given the importance of the changes retirement represents, it makes sense to start to plan your retirement as soon as possible.

### INCOME FOR RETIREMENT

Income for retirement can be seen as a three-pillar approach. Income can be received from:

1. GOVERNMENT PENSIONS AND SUBSIDIES
  - a.) CPP (CPP Disability Benefits/ CPP Survivor Benefits/ Guaranteed Income Supplement)
  - b.) OAS (Old Age Security)
2. LAPP
3. Private Retirement holdings such as RRSP's

#### 1. GOVERNMENT PENSIONS AND SUBSIDIES

To access general information, apply for benefits, access personal tax and pension plan information, it is extremely useful to create a **MY SERVICE CANADA ACCOUNT**.

**To Create a MY SERVICE CANADA ACCOUNT, follow these steps:**

1. Visit [canada.ca/my-service-canada-account](http://canada.ca/my-service-canada-account) (Type this in internet address window)
2. Under "don't have an account" click on "REGISTER"
3. Click on "Yes, I already have an access code" under the question "Do you already have an access code?"

**Here you have the option to do either Step 4A or Step 4B.**

**4A.** Click on "Continue to Sign-In Partner" – under "Option 1" Then select your bank from this list. Sign into your online banking. Click on "Continue" Skip to Step 11. (this links bank info. to Service Canada Account)

**4B.** Click on "Continue to GCKey" under "Option 2"

**5.** Click on "Sign up". This option is on the **right side of the screen.**

**6.** Read the "Terms and Conditions of Use". If you agree, click on "I accept."

**7.** Create a username. Make sure you read and follow the guidelines on the screen for what you may and may not include in your username. Click on "Continue." Write down your username on the next page so you don't forget it.

**8.** Create and confirm your password. Make sure you read and follow the guidelines on the screen for what you may and may not include in your password. Click on "Continue."

**9.** Complete the three password recovery questions and answers. Click on "Continue."

**10.** Your GCKey has been created. Click on "Continue."

11. Read "Create my profile." If you agree with the conditions, click on "I agree."
12. Read the "Privacy notice and terms and conditions." If you agree to these conditions, click on "I agree."
13. Under "Create my profile," choose "Option 1: New User." Click on "Continue."
14. Complete the "Create my profile" page. Click on "Continue."
15. Click on "Continue" to confirm your profile. You now have access to your MY SERVICE CANADA ACCOUNT.

**With this account you can access EI information, EI tax information, Canada Pension Plan Statement of Contributions, Personal information and Direct Deposit information.**

For any inquiries, or to see which benefits you may qualify for, you can visit:

**Canada.ca** and put in the search query: Benefits Finder or visit **Canadabenefits.gc.ca**

#### **At age 60:**

You may be eligible for:

**Canada Pension Plan (CPP) retirement pension-** a monthly payment for someone at least 60 years old who has worked and made contributions to the CPP. Note: CPP amount depends on how much and for how long one has contributed to the CPP and at what age they want their pension to start. Therefore, starting retirement pension at 60yrs of age will decrease their pension amount by 36% of the amount once would receive if starting pension at 65 yrs. of age. For 10-month employees and less than 1.0 FTE, it is important to note that CPP contributions may not qualify you for the maximum CPP amount when calculating CPP payments at 60 yrs. of age and/or 65 yrs. of age.

**Post-retirement benefit-** if someone between the ages of 60-65 continues to work while receiving their CPP retirement pension, they must continue to participate in the CPP. These CPP contributions go towards post-retirement benefits which will increase their retirement income at 65.

**Old Age Security Allowance(OAS)-** a monthly payment for someone age 60-64 *whose spouse or common-law partner is receiving the OAS pension and the Guaranteed Income Supplement*

**OAS Allowance for the Survivor-** a monthly payment for someone aged 60-64 whose spouse or common-law partner has died, who has not remarried or entered into a new common-law relationship and whose annual income is below the eligible threshold. (for information, go to [www.Canada.ca](http://www.Canada.ca) and search: OAS payment amounts)

#### **At age 65:**

You may be eligible for:

1. **Canada Pension Plan (CPP) retirement pension**- a monthly payment for someone who has worked and made contributions to the CPP. People can choose to delay starting their pension up to age 70, and the pension amount would increase. Delaying receipt of the CPP retirement pension from age 65 to age 70 for example, will increase their pension by 42%

**Note:** CPP amount depends on how much and for how long one has contributed to the CPP and at what age they want their pension to start. For 10-month employees and less than 1.0 FTE, it is important to note that CPP contributions may not qualify you for the maximum CPP amount when calculating CPP payments at 60 yrs. of age and/or 65 yrs. of age.

2. **OAS Pension** – a monthly payment for someone who meets the legal status and residence requirements.
3. **Guaranteed Income Supplement** – a monthly payment for someone who receives an OAS pension and whose annual income (or in the case of a couple, combined income) from the previous year is below the eligible threshold. (for information, go to [www.Canada.ca](http://www.Canada.ca) and search “OAS payment amounts”)

### **Living with a disability**

A CPP contributor under the age of 65 who becomes disabled may be eligible for:

**CPP Disability Benefit** – a monthly payment for someone who has worked and contributed to the CPP and whose disability is severe and prolonged and prevents them from working at any job on a regular basis. A child/children may be eligible for **CPP Children’s Benefit** which is a monthly payment for the child of someone who receives the CPP disability benefit. The child must be under the age of 18, or between 18-25 AND attending a recognized school or university full time.

### **Changes in Personal Situation**

Changes in someone’s personal situation may affect their benefits. Service Canada must be notified when any of the following events occurs:

1. A couple can no longer live together for reasons beyond their control (an example would be if one of them is in the hospital or living in a nursing home), they may be entitled to a higher payment.
2. Divorce or Separation (Contributions made to the CPP can be equally divided for the period they lived together while married or in a common law relationship. Called a credit split (ISP 1901).)
3. Marriage or common-law relationship status
4. Change of address
5. Any absence from Canada over 6 months

### **Death**

Service Canada must be notified as soon as possible when someone receiving CPP and/or OAS benefits dies. The month in which someone dies is their last month to receive benefits. Any benefits received after that month must be repaid.

**When a parent, spouse or common-law partner dies, these benefits may be available:**

**CPP survivor's pension** – a monthly payment to the surviving legal spouse or common-law partner of a deceased contributor

**CPP death benefit** – a one-time, lump sum payment made to the estate of a deceased CPP contributor

**CPP children's benefit** – a monthly payment for the child/children of a deceased CPP contributor. The child/children must be under the age of 18, or between 18-25 AND attending a recognized school or university full time.

**OAS Allowance for the Survivor** – See Above

**Other Useful Information**

**Raising Children** – Someone who contributed to CPP and stopped working or worked less in order to raise their children may be eligible for the child-rearing provision to increase their CPP benefit. A section of the CPP application is dedicated to this provision.

**Having Lived or Worked in Another Country** – Someone who lived or worked in Canada and another country, or is the survivor of someone who did, may be eligible for pensions and benefits from both countries because of a social security agreement. For more information to Canada.ca and search: "Lived or living outside Canada"

**For more information**

**Online:** [Canada.ca/publicpensions](http://Canada.ca/publicpensions) (Forms are available on Canada.ca Search for: form name or Document Number (e.g. ISP100))

**Call:** 1-800-277-9914 (Have Social Insurance Number available)

**Visit:** a Service Canada Office

## **LAPP (Local Authorities Pension Plan)**

LAPP is a defined benefits plan. Plan provides you with a specified lifetime income regardless of market conditions and how long you live. The amount of LAPP pension is determined by a formula. Formula is based on:

1. **AVERAGE of FIVE (5) HIGHEST CONSECUTIVE YEARS of pensionable salary**
2. Your years of pensionable service

**NOTE:** Pensionable Salary is the base pay on the grid, overtime is not considered pensionable salary.

LAPP considers age 65 to be the normal retirement age. If you retire before age 65, that is considered an early retirement. Your pension can be either **Unreduced or Reduced**.

### **Unreduced Pension:**

You qualify for an unreduced pension if you:

- Retire at age 65 or older
- Retire at age 55 or older with 85 points (calculated as: Age + Number of years of pensionable service = 85 or more)

### **Reduced Pension:**

You may retire as early as 55 if you have at least 2 (two) years of LAPP membership. If you retire before age 65 and do not have 85 points, your pension will be reduced for early retirement. Your pension will be reduced by 3% (0.25% per month) for each year that you retire before age 65 or before you obtain 85 points (whichever you are closer to).

## **The Retirement Process**

Your application for a retirement pension should be made approximately **THREE (3) MONTHS PRIOR TO YOUR DESIRED PENSION COMMENCEMENT DATE**. If you are still actively contributing to your LAPP, the application form can be obtained from your employer. If you are no longer actively contributing to your LAPP, contact **APS (Alberta Pensions Services)** for the application form.

### **The Steps to Retirement are:**

- 1. Register and login to “mypensionplan” website to calculate your Retirement Benefit Estimate. GET A RETIREMENT ESTIMATE FIRST.**
- 2. Speak to an APS (Alberta Pensions Services) Representative if you require clarification of the options.**
- 3. Complete the Retirement Application form and submit to your employer with all necessary documentation for name change and proof and proof of age.**
- 4. Employer completes their section of the application and submits to APS.**
- 5. APS calculates pension options.**
- 6. Retirement Benefit Statement package mailed to your home address to complete choice.**
- 7. Finalized payments begin once all information (including termination documentation from your employer) is received and final audit completed.**
- 8. Payments are direct deposited anywhere in Canada.**

## PENSION OPTIONS

At retirement LAPP will offer a selection of pension options. You can choose one of the following:

- **Guaranteed term pension**
- **Single lifetime pension**
- **Joint lifetime pension**

### Guaranteed at least 5-year term

The normal form of the pension is the basis for all other types of pension options. This type of pension assumes you are single, and is guaranteed for your lifetime or for at least five years, whichever is longer. If you die before the end of the guaranteed period, your beneficiary or estate will either receive the pension payments for the remainder of the guaranteed term or, receive a one-time payment equal to the actuarial value of the remaining pension. If you die after the end of the five-year guaranteed period, no pension payments will be made to beneficiary or estate.

### Guaranteed term pensions (at least 10 and 15 year)

The 10 and 15-year guaranteed term pensions pay a lower monthly benefit than the guaranteed 5-year term benefit (normal). It is payable for your lifetime or for the guaranteed period, whichever is longer. If you die before the end of the guaranteed period, your beneficiary or estate will either receive the pension payments for the remainder of the guaranteed term or, receive a one-time payment equal to the actuarial value of the remaining pension. If you die after the end of the guaranteed period, no pension payments will be made to beneficiary or estate.

### Single lifetime pension (no guarantee)

A single lifetime pension is payable ONLY FOR YOUR LIFETIME. It does not offer any payments to beneficiaries or estate after death and provides a higher monthly benefit than any guaranteed term pension option.

### Joint lifetime pension

A joint lifetime pension is paid for as long as either you or your nominee (usually your pension partner) are alive, and is based on the age of both you and your nominee. It is payable to the survivor upon the death of either person for the remainder of his or her life. There are two types of Joint Lifetime options. **1.) Joint Lifetime guaranteed at least 5 years or 2.) Joint Lifetime Reduced by one-third guaranteed at least 5 years.**

- 1. Joint Lifetime guaranteed at least 5 years** – On the death of either person the pension payment continues unreduced to the survivor. If both you and your pension partner die within the guaranteed five-year term, the benefit will be paid to a beneficiary or estate for the remainder of the five-year term.

- 2. Joint Lifetime Reduced by one-third guaranteed at least 5 years** – On the death of either person, the pension payment is reduced by one-third. If both you and your pension partner die within the guaranteed five-year term, the benefit, reduced by one third, will be paid to a beneficiary or estate for the remainder of the five-year term.

**NOTE:** If you have a pension partner on the date your pension begins, you must choose either a joint lifetime not reduced (1) or a joint lifetime reduced by one third (2). However, there are two legal documents that may allow you to choose an option other than a joint life pension: Pension Partner Waiver or, Matrimonial Property Order (MPO).



## **REGISTERING ONLINE**

### **mypensionplan**

Keeping track of your future pension is easy with **mypensionplan**, the online pension information service provided by LAPP.

#### **Register with mypensionplan:**

Visit <https://mypensionplan.apsc.ca/LAPP> and click on the green button labelled “Register”

Step 1: Terms of Use

Step 2: Verification

Step 3: Contact Details

Step 4: Create a Login

Step 5: Account Security

Step 6: Go Green

To Register, you will need to provide:

1. One of the following:
  - Member Identifier – This is a unique 10-digit number that appears on mailed correspondence from Alberta Pensions Services Corporation (APS) or
  - Your name, most recent plan employer and pension plan or
  - Your name and recent net pension payment amount.
2. Your date of birth
3. The last four digits of your Social Insurance Number (SIN)
4. Your email address.

### **PENSION PROJECTION CALCULATOR**

The Pension Projection Calculator allows you to see what your pension benefit might be when you reach retirement age. The pension estimates are based on your most recently reported year-end service and salary information. You may make

- Adjustments to reflect future pay increases, or
- Changes in your work schedule

The calculator automatically determines pension projection for:

- Your earliest retirement date (at a reduced amount)
- Your earliest retirement date without a reduction
- Your normal retirement date (age 65)

**Payout Estimates:** You can request a termination estimate by phone through APS’ Member Services Center

**Buyback Balance is viewable and updated in real time:**

- Your total buyback balance is now available in the Service History section, and is updated bi-weekly.

## **INCREASING YOUR BENEFIT**

### **Members now need to use forms to indicate they are buying back service**

- Contact your employer or LAPP Member Services Center to receive the documents required to purchase a Buyback (Previously called Optional Service)
- Buyback Balance is viewable and updated in real time. It is available in the Service History section, and will be updated bi-weekly.

You may be able to increase your future pension benefit by increasing the length of your pensionable service. Doing so may be advantageous because you can increase your monthly pension and may be able to retire earlier with an unreduced pension.

You may increase your length of pensionable service through:

- Buy back leaves of absence (LOA's, includes parental leaves)
- Buy back service
- Portability transfer agreements (transferring between pension plans)

### **Leaves of Absence (LOA)**

If you have been away from work due to a leave of absence, you can add that period of unpaid or partially paid leave to your pensionable service. You may be able to make contributions while on leave (check EPSB policy) or wait until you return to work to purchase your leave.

**\*\*\*\*\*TIMELINES\*\*\*\*\*: On your return to work, notify your employer your interest in purchasing the leave. Once you receive the cost, your written election to purchase a leave must be received by APS (Alberta Pensions Services) by APRIL 30<sup>TH</sup> following the year the leave ended. Provide a copy of the election to your employer.**

**Cost to Purchase:** The cost to purchase leaves of absence is based on the contribution rate in effect (had you been at work) plus interest.

**Leave Limits:** The purchase of up to five (5) years leave is allowed plus an additional three (3) years of leave for parenting.

**Employee Pays:** If you elect to purchase a leave of absence, you are responsible for the employee's contributions and interest for the first full year of lifetime leave. Any leave service exceeding 1.0000, you will pay both employee and employer portions.

**Employer Pays:** The employer must pay the employer's share of contributions for the first full year of lifetime leave (taking into account any leaves of absence purchased with prior LAPP employers).

**Ending Employment:** If you cease employment in a participating position while on leave, you have **30 days** from your date of termination from that position to apply through your employer and elect to purchase the leave.

**NOTE: Provided you return to your employment after the leave, you may purchase the leave if you have missed the timeframes noted above. However, the cost of leave will be calculated on an actuarial reserve basis, which is generally more expensive.**

### **Buyback Service**

Buy back service is work you performed in the past that you may purchase, if eligible, to enhance your retirement benefit in the future. Examples include:

- Past service with an LAPP employer
- Non-contributory service with an employer if that service was considered a waiting (or probationary) period under the plan

LAPP uses Revenue Canada eligibility rules. To buy back your probationary/waiting period and not have to pay the employer's share, it needs to be **purchased within 5 years**; after 5 years you pay both employee and employer share + costs (called **actuarial reserve basis**) which in turn, is more expensive.

**NOTE:** You can visit the online **Buy Back Service Estimator** to calculate an estimate of the cost to buy back your service. There is some information to enter, and a slider that you can move to estimate your costs of buying back from 2 months to 20 years.

Once you have determined the estimated cost, use the online **Pension Estimator** and do two retirement estimates:

- One with the additional service
- One without

This will allow you to see the approximate increase in your monthly pension due to the purchase of additional service and may help you determine if the purchase may be beneficial to you.

### **Payment options: Buy Back Service or Leave of Absence:**

**\$500 or less:** single payment may be submitted through employer, or through RRSP transfer

**Over \$500:** can pay as follows:

- A lump sum personal payment submitted through employer
- Transfer existing RRSP funds to pay for all or part of the service
- Amortize the cost at a minimum payment of \$50 a month for a period not to exceed 10 years or attainment of age 65.

### **Portability Transfer Agreements**

Agreements existing between LAPP and other pension plans which allow you to transfer your service from a previous employer to LAPP or from LAPP to a new employer. Refer to plan website for a listing of eligible pension plans and rules.

## **Leaving the Plan Before the Age of 65**

This would apply if you are no longer employed by EPSB or you change position to one that is not pensionable.

**Under 2 years of LAPP membership:** contributions and interest may be:

- Left with LAPP to add to a future period of LAPP service
- Transferred to an RRSP
- Transferred to another pension plan (Portability Transfer Agreement)
- Refunded

**More than 2 years of LAPP membership:**

**Younger than 55:** The commuted value of your earned pension may be:

- Left with LAPP for a deferred pension or to add to a future period of LAPP service
- Transferred to a Locked-in Retirement Account (LIRA)
- Transferred to another pension plan (Portability Transfer Agreement)

**If you are 55 or older:** You have the following options:

- Receive an immediate monthly pension (If your age and years of service do not add up to 85, your pension will be a reduced pension)
- Postpone your pension until any time up to the end of the year in which you turn 71
- Transfer your commuted value to purchase service under your new pension plan (Portability Transfer Agreement)

**NOTE:** If you are at least 65 when you end or change employment status so you no longer contribute to LAPP, you are eligible to receive a pension even if you don't have two years of LAPP membership.

## **Death Before Pension Commencement**

If you die before you start to receive your pension, your pension partner is entitled to receive a benefit from the Plan. If you don't have a pension partner, your beneficiary(ies) or estate will receive a benefit.

If you die with two or more years of LAPP membership, your pension partner may choose

- An immediate pension
- A one-time commuted value payment transferred into a Locked-in Retirement Account

If you don't have a pension partner, your beneficiary or estate will receive the commuted value of the benefit in a one-time cash payment.

If you die with less than two years' membership, your pension partner (or your beneficiary or estate) will receive a one-time cash payment of your contributions plus interest.

## Working as a Retiree

LAPP retirees are able to work for any employer without the payment of their pensions being suspended. Once you start your pension, you cannot contribute any more into the LAPP, therefore you must let your employer know you are a retiree and cannot contribute to LAPP.

**NOTE:** There are several important matters to consider when you are deciding whether or not to retire and then return to work

- **You cannot stay in your current employment and begin drawing your pension. To qualify for and receive your pension, you must leave your current participating position.**
- **Your employer is not under any obligation to rehire you and may not offer you other employment after you retire**
- **You can never again contribute to LAPP to increase your retirement pension**
- **The choice to begin drawing your pension is irrevocable. Once your pension payments begin they cannot be stopped or changed for any reason.**

**Your application for pension can be accepted only if you qualify for a pension and are no longer eligible to contribute to LAPP.**

## Disability Benefits

If you are not able to continue to work because of a disability, you may qualify for a LAPP Disability Pension. You should talk to your employer or a representative of LAPP for information relating to your particular situation.

You are eligible for a disability pension if you meet all of the following conditions:

- You have at least 2 years of LAPP membership
- You are no longer working
- You are incapable of performing your regular duties because of a physical or mental disability
- You are not covered by an approved long-term disability income (LTDI)
- You are under the age of 65

A disability pension is reduced according to your age unless you are permanently and totally disabled (incapable of any work). In that case, you will receive an unreduced pension at any age based on your years of pensionable service.

**Contact Info:**

**LAPP c/o  
Alberta Pensions Services Corporation (APS)  
5103 Windermere Blvd SW  
Edmonton, AB  
T6W 0S9**

**LAPP Member Services Centre: (780) 391-3527  
1-877-649-5277 (Toll-Free in Canada)**

**[www.lapp.ca](http://www.lapp.ca)**

**[www.apsc.ca](http://www.apsc.ca)**

**You can also contact us by using your Mypensionplan Secure Mailbox once registered.**

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